

# Alaska Health Care Pricing Analysis

## Project Overview

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# Project Components

- Professional billed and allowed unit cost comparison among states
- Hospital billed and allowed unit cost comparison among states
- Drivers of cost differences among states

# Professional

- Goal is to quantify unit cost differences among states and payers
- Results by procedure code for top 25 codes per specialty
- For Alaska, Washington, Oregon, Idaho, Wyoming, and North Dakota (and Hawaii for commercial)
- Specialties: family practice, pediatrics, internal medicine, OB/GYN, orthopedics, urology, gastroenterology, cardiology, neurology, general surgery, cardiothoracic surgery, interventional cardiology, ENT, ophthalmology, diagnostic imaging, chiropractic, DME, lab, and radiology (as data permits)

# Professional, continued

- Commercial mean, median, and 80<sup>th</sup> percentile of allowed amounts
- Medicare, Medicaid, TRICARE, Workers Comp, and VA (to external providers) allowed amounts
- Mean, median, and 80<sup>th</sup> percentile of billed amounts

# Hospital

- Goal is to quantify unit cost differences among states and payers
- Allowed and billed unit cost level
- Inpatient and outpatient
- Same comparison states
- Milliman Hospital Evaluation and Comparison (HECS™) system to measure commercial, Medicare, and billed charge levels
- Medicaid, TRICARE, VA (external providers), and Workers Comp allowed through fee schedule analysis

# Primary Data Sources

- Commercial: MarketScan database
  - Claims experience submitted by large employer groups and some health plans
- Medicare: Medicare 5% sample, MedPAR, OPPS data

# Drivers of Cost Differences Among States

- Goal is to understand drivers of unit cost differences among states
- Several analytic measures to provide insight
  - Commercial premium levels
  - Hospital operating cost levels
  - Hospital margins
    - All payer
    - Medicare
  - Case-mix adjusted hospital average length of stay
  - Physician compensation levels
  - Commercial payer discount comparison

# Other potential analyses

- Health care utilization rates
- Demographic differences
- Hospital occupancy rates